

1    **Education Cabinet**

2    **Kentucky Board of Education**

3    **Department of Education**

4    **(Amendment)**

5    **702 KAR 3:080. Fidelity ~~[Treasurer's]~~ bond, penal sum for Treasurer, Finance**

6    **Officer and others.**

7    RELATES TO: KRS 156.010, 160.560

8    STATUTORY AUTHORITY: KRS 156.029(7), 156.070

9    NECESSITY, FUNCTION, AND CONFORMITY: KRS 156.029(7) requires the Board of  
10    Education to develop policies and to promulgate administrative regulations by which the  
11    Department of Education shall be governed. KRS 156.070 authorizes the Board of  
12    Education to promulgate administrative regulations necessary for the efficient  
13    management, control, and operation of the schools and programs under its jurisdiction.  
14    KRS 160.560 requires each local board of education treasurer to be bonded in accordance  
15    with Kentucky Board of Education administrative regulations. This administrative  
16    regulation establishes a penal sum for the bond of treasurer and requires the bonding of  
17    other school employees.

18    Section 1. Definitions. (1) "Total current assets" means the 61XX series in the balance  
19    sheet object codes as provided in the Uniform School Financial Accounting System  
20    ~~[KETS District Administrative System Chart of Accounts]~~ incorporated by reference in  
21    702 KAR 3:120.

(2) "Total revenue" means codes 1000-4999 in the revenue object codes as provided in the Uniform School Financial Accounting System ~~[KETS District Administrative Chart of Accounts]~~ incorporated by reference in 702 KAR 3:120.

Section 2. (1) A local board of education shall require a fidelity bond from the board treasurer, the finance officer, and others holding similar positions who are responsible for district funds and who receive and expend funds on behalf of the school district.

(2) A local board of education, on the advice of the Commissioner of Education, shall determine the amount of the penal sum of the fidelity bond for all employees by July 1<sup>st</sup> of each year.

(3) A local board of education shall submit the fidelity bonds to the Commissioner of Education for approval no later than July 31<sup>st</sup> of each year. A district shall not re-submit a multi-year bond for approval in subsequent years if the bond amount is still adequate.

~~[By July 1 of each year, a local board of education, on the advice of the Commissioner of Education, shall determine the amount of the penal sum of the bond of treasurer of the board and that of other school employees who are responsible for board of education funds.]~~

Section 3. A bond shall not be approved if the Commissioner of Education determines that the bond is inadequate to safeguard the funds of the district board of education, ~~[pursuant to the commissioner's authority in KRS 156.010.]~~

Section 4. ~~[A district board of education shall require the bonding of all employees who are responsible for board funds.]~~ The cost of bonds shall ~~[may]~~ be a liability of the general fund or of any account which the specific bond protects. The penal sum of any bond shall

- 1 be determined by the following table based on an exposure factor of twenty (20) percent of  
2 the total current assets plus ten (10) percent of the total revenue in the prior fiscal year:

3 REVISED EXPOSURE SCHEDULE

EXPOSURE FACTOR	MINIMUM AMOUNT OF BOND
Up to \$25,000	\$2,500
\$25,001 to \$125,000	\$25,000
\$125,001 to \$400,000	\$50,000
\$400,001 to \$1,000,000	\$100,000
\$1,000,001 to \$2,000,000	\$150,000
\$2,000,001 to \$4,000,000	\$200,000
\$4,000,001 to \$6,000,000	\$300,000
\$6,000,001 to \$10,000,000	\$400,000
\$10,000,001 to \$15,000,000	\$600,000
\$15,000,001 to \$25,000,000	\$800,000
\$25,000,001 to \$75,000,000	\$1,000,000
\$75,000,001 to \$175,000,000	\$1,500,000
\$175,000,001 to \$500,000,000	\$2,000,000
\$500,000,001 to \$1,000,000,000	\$3,000,000
\$1,000,000,001 to \$1,500,000,000	\$4,000,000

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